

**State Employee Benefits Committee  
Tatnall Building, Room 112  
Dover, Delaware 19904**

The State Employee Benefits Committee met September 24, 2018. The following people were in attendance:

**Committee Members:**

Mike Jackson, OMB, Chair  
Tanner Polce, Designee of Lt. Governor  
Saundra Johnson, DHR  
Victoria Brennan, Designee of CGO  
Trinidad Navarro, DOI  
Evelyn Nestlerode, Designee of Chief Justice, Administrator of Courts  
Ken Simpler, OST  
Jeff Taschner, DSEA  
Kara Walker, DHSS

**Guests:**

Brenda Lakeman, Director, Statewide Benefits Office (SBO), DHR  
Faith Rentz, Deputy Director, SBO, DHR  
Lisa Porter, SBO, DHR  
Andrew Kerber, DOJ  
Matt Bittle, State News  
Jennifer Bredemeier, Univ of DE  
Steven Costantino, DHSS  
David Craik, Pension Office  
Cindy Diaz, PHRST  
Cherie Dodge-Biron, DHR  
Jamesha Eaddy, City of Milford  
Jacqueline Faulcon, DRSPA  
Tara Grazier

**Guests (continued):**

Leighann Hinkle, SBO, DHR  
Lisa Jaremka  
Kimberly Jarrell  
Miranda Mal, DOC  
Sandra Miller, SB139  
Bill Oberle, DSTA  
Michael Petrucci  
Steven Pulinka  
Jean Pulinka  
Nancy Robinson, SB139  
George Schreppler, DCSN  
Christine Schultz, PGS  
Jim Testerman, DSEA-R  
  
Katherine Impellizzeri, Aetna  
Mike North, Aetna  
Judy Grant, Health Advocate  
Andrew Brancati, Highmark  
Lisa Mantegna, Highmark  
Jennifer Mossman, Highmark  
Pam Price, Highmark  
Walt Mateja, IBM Watson Health  
Kevin Fyock, Willis Towers Watson  
Rebecca Warnken, Willis Towers Watson

**Introductions/Sign In**

Director Jackson called the meeting to order at 2:01 p.m. with a congratulations to Brenda Lakeman on her upcoming retirement and attending her final SEBC meeting. Introductions were made.

**Approval of Minutes** - handout

Director Jackson entertained a motion to approve the minutes from the August 20<sup>th</sup> SEBC meeting. Jeff Taschner noted a correction within the Director's Report - Primary Care Provider Attribution section in the specified date March 31, **2017** to be changed to 2018 and then made the motion to approve. Secretary Johnson seconded the motion. The motion carried unanimously.

**Director's Report** – Brenda Lakeman, Statewide Benefits Office (SBO), DHR

**Medicare open enrollment** is October 8<sup>th</sup> through October 19<sup>th</sup> with letters sent out to eligible pensioners last week. They may choose to enroll or dis-enroll in the Medicare Supplement plan and/or prescription plan.

**Governor's Cup 5K Run/Walk** is scheduled for October 2<sup>nd</sup> with pre-registration of 500 is full yet employees can still participate in the event and sign up to run/walk at the event.

**Lease of the Diamond State Port to Gulf Container** as referenced in recent news is in progress and SBO has been working closely with the Department of Finance, the Port and Gulf Container on the transition of their employees' health care.

## **Group Health Financials - handout(s)**

### **Fund Equity Report – August 2018 – Rebecca Warnken, WTW**

August was a favorable month, largely driven by rebates of \$5.5M for EGWP and a commercial rebate payment of \$9M for the quarter received in this month. A call out under the Federal Reinsurance item, as the budget projected \$900K in payments for the EGWP Federal Reinsurance and actual received includes a one-time half million dollar prospective adjustment to reflect a change in the way Express Scripts is calculating PMPM. A year end reconciliation will be done based upon actual utilization. Claims are running slightly more favorable, overall a positive \$2.6M compared to budget. Treasurer Simpler inquired as to the variance on the premium. Ms. Warnken replied this could be due to head count changing, people fluctuating between plans or retroactive adjustments. The trend is showing a favorable claims experience creating a good start to the year, allowing a cushion if any high cost claims appear later in the year.

### **FY19 Budget\*– Rebecca Warnken, WTW**

The FY19 Budget was revised to reflect a change in the projected Express Script claims. The pharmacy projected claims are lower than previously reported, due to using a lower claim base, causing a little difference in the projected rebates. The previous WTW budget presented at \$844.2M is now at \$840.4M, similarly the net income was projected at \$27.2M and is now at \$23.4M with a \$4M shift as expected. This budget is now reflected in what is seen in the Fund report and assumes a blended trend of 6.5% for medical/10% for Rx and the impact of legislative changes for the GHIP. These first two months show a favorable trend with ten months to go. WTW is still looking at data thru June. The intention is to vote on the budget at the end of this meeting.

**Long Term GHIP Projections** – Updated projections for FY19 through FY23 were presented based upon experience through FY18 Qtr 4. Also built in the projections are increases in GHIP membership, which has increased about 2% every year. Absent any program changes or premium increases, the operating expenses for FY20 are expected to exceed operating revenues by \$68.3M, yielding a \$31.6M deficit after subtracting the claim liability and minimum reserve. Increasing premiums by 2% effective July 1, 2019 reduces the projected FY20 operating deficit by \$16.7M to \$51.6M, yielding a \$14.9M deficit after offsetting projected reserves. Annual premium increases in each subsequent fiscal year further improve the long term financial outlook. WTW is still reflecting a 6% national trend less 1% for improvement to program changes. More discussion around the trend may occur through a subcommittee. Dialogue occurred around the trend, forecast, growth rate, premiums and other significant challenges for the fund. It was noted that a 5% trend was aggressive and the healthcare benchmark would not likely lead to a lower trend in FY20; therefore, it would be necessary to thoughtfully consider plan design, value based contracting and primary care initiatives. Director Jackson asked for SEBC support in agreement for forecasting and planning purposes, on use of the consistent 2% premium increase model.

### **FY20 Timeline for SEBC Decisions**

Opportunities for offsetting the projected FY20+ deficit were reviewed for short-term and longer-term action. The key date is February 11, 2019 for making short-term decisions to allow enough time to implement by July 1, 2019 for FY20.

### **SEBC Subcommittee Discussion**

A revised Resolution was provided which addressed Jeff Taschner's concerns discussed previously regarding appointed designees. The Subcommittee(s) would meet quarterly, subject to additional meetings as called by the Chair to address particular issues to expedite the process and report back to the SEBC. A vote for approval of the Resolution will be taken at the end of this meeting.

### **SB139 – Infertility Coverage – Continued Discussion – handout - Brenda Lakeman, SBO**

An overview of this bill was provided along with the current GHIP coverage. A status of Highmark and Aetna's State of Delaware self-insured clients including clients with IVF coverage was provided. SBO will provide what share of the 76% (HM) and 85% (Aetna) in BOB employees are GHIP employees. No additional self-insured clients to date, have added the additional infertility benefits after the passage of SB 139.

Medical claim costs FY16 to FY18 for the GHIP IVF (includes AI and related infertility treatments) and excludes lab tests, imaging and prescription costs were presented. A complete view of costs for all infertility births were shown for FY16 to

FY18, followed by a drill down in IVF birth costs noting the birth process may span more than one fiscal year making it difficult to breakdown costs annually. Data obtained on twin births associated with infertility reflected higher cost births than those associated with IVF. Prescription costs were shared with updated member numbers; there is a \$15K maximum for prescription coverage. A review of the estimated cost breakdown of additional covered services was conducted. Removal of the limits and coinsurance for medical and pharmacy with estimated cost breakdown were covered. A total cost estimate of \$6.47M for adoption of SB 139 was provided in detail. The SEBC is not required to adopt the bill as passed but could consider modifying the current infertility benefit. Discussion occurred around concern of the potentially high costs to the members in need of this coverage; the need to consider a plan design that is evidence based and encourages healthy pregnancies; importance of looking at the GHIP plan cost structure and discipline necessary to address both impacted population and potential cost to the plan

**Centers of Excellence Request for Proposal Discussion** – handout – Kevin Fyock, WTW

The remaining questions or concerns about the PRC recommendations surrounding COEs were solicited from the SEBC in advance of today’s meeting. Intent is for SEBC to vote on the PRC recommendations at the October 22<sup>nd</sup> meeting. Any delays in voting may push back the effective date of any recommendations adopted. Member utilization of a carve-out COE network, partnership with medical carriers and providers, and the SurgeryPlus provider network was reviewed. Feedback from a few SEBC members was shared.

**Other Business**

None

**Public Comments**

Lisa Jaremka attended with others to advocate for SB 139 and thanked the committee for listening to their stories at the August 20<sup>th</sup> SEBC meeting and for attention on this item. The updated petition presented at the August 20<sup>th</sup> meeting with 500 signatures has increased to over 650 signatures in support of SB 139.

Christine Gross, Champion behind SB 139, represents the “Stand Up for Delaware” community that consists of Delawareans and various interest groups. Ms. Gross also represents Reproductive Associates of Delaware. The items put in the SB 139 exist for medical reasons and an eye towards cost savings. This legislation is considered to be best practice. States across our country want to emulate our law as it’s the most progressive coverage but also has a cost savings component. We are the first state to have a fertility care and fertility preservation bill in one law. We will be starting to benchmark fertility preservation, to determine what that utilization looks like going forward, which hasn’t been done. The 20% utilization and number of potential IVF cycles in a plan year shown in the presentation is inaccurate. Other projections show a 1.5 cycle increase or approximately \$1M to \$2M total increase annually on top of current spend. Ms. Gross shared her own personal experience. Genetic testing is not covered and is a \$4K out-of-pocket expense. She saved one-third of prescription costs by self-paying at the pharmacy versus going through her pharmacy benefit manager. She asked SEBC to think this bill through, the numbers need to be addressed, cost savings do exist and are not reflected in the presentation. For example, neonatal intensive care is associated in almost every twin birth; if this can be avoided, tens of thousands of dollars can be factored in to the savings.

**Motion**

Director Jackson requested a motion to approve the agenda item 4b – FY19 Budget. Secretary Johnson made the motion. Secretary Walker seconded the motion. Motion carried unanimously.

The Director then asked for a motion to adopt SEBC Subcommittee resolution as discussed. Secretary Johnson made the motion. Treasurer Simpler seconded the motion. Motion carried unanimously.

The Director announced the committee will be entering into executive session, returning to public session with no further business to conduct. Director Jackson requested a motion to move into executive session at 3:50pm. Secretary Johnson made the motion and it was seconded by the Commissioner Navarro. The motion carried unanimously.

**Motion**

Director Jackson asked for a motion to adjourn the meeting. Secretary Walker made the motion and it was seconded by the Secretary Johnson. The motion carried unanimously. Meeting adjourned at 4:45 p.m.

Respectfully submitted,

Lisa Porter, Executive Secretary  
Statewide Benefits Office, DHR